

Message Text

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ACTION ARA-10

INFO OCT-01 ISO-00 EB-07 OPIC-03 /021 W

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R 262125Z JAN 76

FM AMEMBASSY SAN JOSE

TO SECSTATE WASHDC 2630

LIMITED OFFICIAL USE SAN JOSE 079

E.O. 11652: N/A

TAGS: EINV, BEXP, CS

SUBJECT: PROPOSED ESTABLISHMENT OF PRVC PLANT IN COSTA RICA

REF STATE 18341. REGRET SECSTATE INADVERTENTLY OMITTED FIRST TRANSMISSION.

FOL SENT ACTION USDOC WASHDC INFO AMEMBASSY MANAGUA JANUARY 8, 1976 RPTD FOR YOUR ACTION:

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E.O. 11652: N/A

TAGS: EINV, BEXP

SUBJECT: PROPOSED ESTABLISHMENT OF PVC PLANT IN COSTA RICA

DEPT PASS OPIC FOR MANSBACH

COMMERCE FOR MAJOR EXPORT PROJECTS DIVISION

1. ALTHOUGH NOT YET PUBLIC KNOWLEDGE, IN LATE DECEMBER MINISTRY OF ECONOMY, INDUSTRY AND COMMERCE APPROVED INDUSTRIAL CONTRACT GRANTING CLASSIFICATION A STATUS UNDER CENTRAL AMERICAN AGREEMENT ON FISCAL INCENTIVES TO INDUSTRIAL DEVELOPMENT TO RESINAS PLASTICAS, S.A. (REPLASA) FOR ESTABLISHMENT OF A POLY-VINYL CHLORIDE (PVC) PLANT TO BE LOCATED NEAR LIMON ON COSTA RICAN ATLANTIC COAST. PROJECT SUBMITTED BY CORPORACION DE DEVELOPMENT AGENCY.

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2. PLANT WOULD BE DESIGNED TO PRODUCE 20,000 METRIC

TONS OF PVC ANNUALLY, BEGINNING PRODUCTION 1978.
ESTIMATED INVESTMENT IS \$14 MILLION WITH ONE-THIRD TO BE
FINANCED BY CODESA, ONE THIRD BY COSTA RICAN PLASTICS
INDUSTRY ASSOCIATION AND ONE THIRD BY ONE OF THE FOLLOWING
COMPANIES WHICH WERE PRE-SELECTED BY CODESA:

B.F. GOODRICH CHEMICAL CO., 6100 OAK TREE BLVD., CLEVELAND,
OHIO 44141; DIAMOND SHAMROCK CHEMICAL CO., 1100
SUPERIOR AVE., CLEVELAND, OHIO 44131; UNIROYAL INTERNATIONAL
DIVISION OF UNIROYAL INC., OXFORD MANAGEMENT AND RESEARCH CENTER,
MIDDLEBURY, CONN. 06749.

3. ONCE CONTRACT PUBLISHED IN OFFICIAL GAZETTE, WHICH
COULD OCCUR IN TWO-THREE WEEKS, CODESA WILL SELECT ONE
OF THREE FIRMS PARA 2 ABOVE TO DO FEASIBILITY STUDY. COMPANY
SO SELECTED WILL HAVE FIRST PREFERENCE TO
PARTICIPATE IN PROJECT.

4. POLYCASA, NICARAGUAN PVC PLANT, HAS APPEALED REPLASA PROJECT
APPROVAL ON GROUNDS POLYCASA IS CENTRAL AMERICAN
INTEGRATION INDUSTRY FOR PVC AND APPROVAL OF ANOTHER
PLANT NOT CONSISTENT WITH GOCR TREATY OBLIGATIONS.
MINISTRY SOURCES BELIEVE THAT PRESIDENT SOMOZA HAS
FINANCIAL INTEREST IN POLYCASA. IF SO, GOCR APPROVAL THIS
PROJECT COULD BECOME ISSUE BETWEEN COSTA RICA AND
NICARAGUA.

5. SUGGEST COMMERCE DRAW ON SUBSTANCE FOREGOING IN
ADVISING PRESELECTED US COMPANIES STATUS THIS PROJECT.
IN CASE OF B.F. GOODRICH, ROBERT J. LEGERWOOD, DIRECTOR
OF ENGINEERING PRODUCTS, TEL. (216) 379-3200, EXPRESSED
INTEREST THIS PROJECT WHILE IN COSTA RICA IN EARLY NOVEMBER
WITH OPIC INVESTMENT MISSION TO CENTRAL AMERICA. TODMAN

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Margaret P. Grafeld
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